

STATE OF IDAHO
DEPARTMENT OF INSURANCE
700 WEST STATE STREET, 3rd FLOOR
PO BOX 83720
BOISE, ID 83720-0043

**INSTRUCTIONS FOR SCHEDULE 7
WORKER'S COMPENSATION TAX CREDIT**

1. Read these instructions carefully before completing Schedule 7. If you have any questions, contact the Premium Tax Section at (208) 334-4282, (208) 334-4281, or (208) 334-4280.
2. Each authorized insurance company which files a Statement of Premium Taxes and Fees and request worker's compensation tax credit on Page 4 – must complete and attach only those schedules where tax credits are being requested. Total tax credits cannot exceed the calculated premium tax liability. Tax credits will not be allowed unless the appropriate schedules are attached.
3. For audit verification, authorized worker compensation companies must attach legible copies of the Industrial Commission, Semi-Annual Report of Premiums for BOTH June and December.
4. All worker's compensation insurers must pay a 2.5% premium tax on Idaho premiums written to the Idaho Industrial Commission. Insurers are allowed to offset 1.3% of this tax against the worker's compensation tax liability with the Department of Insurance. Do not confuse the premium taxes paid to the Industrial Commission at the 2.5% rate with the additional Department of Insurance 2.5% premium tax rate. The tax credit can only offset the worker's compensation premium tax liability and cannot be allowed against any other lines of insurance. Idaho Code § 72-523.
5. Lines 1, 2, and 3 - Industrial Commission Net Premiums Written. Enter the same amounts as reported on the attached June and December Semi-Annual Report of Premiums filed with the Idaho Industrial Commission. Only 1.3% of your company's worker's compensation premium tax paid to the Industrial Commission semi-annually is allowed for deduction against premium taxes. Credit amount can be entered at a minimum of \$75.00. Credit will not be allowed unless copies of both the June and December Semi-Annual Reports to the Industrial Commission are attached. Idaho Code § 72-523(3) and (4).
6. Lines 4, 5, and 6 - Department of Insurance calculation of worker's compensation premium tax liability. The tax credit can never exceed the worker's compensation premiums tax liability at 2.5% (1.4%, if qualified for reduced tax) or the retaliatory tax rate. If the 2.5% worker's compensation tax is less than the allowable \$150.00 minimum, the lesser amount must be used as the credit. If no worker's compensation premiums were written, no credit can be taken.
7. The sum of the Idaho Life and Health Insurance Guaranty Association assessment credit, and Idaho Industrial Commission Worker's Compensation Credits, cannot exceed the total premium tax liability (Page 5, Schedule E, Line 5, Column A or B, whichever is greater).